



DEPARTMENT OF STATE

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MEMORANDUM FOR: Mr. McFarlane, State
 Mr. Burt, State
 Mr. Wolfowitz, State
 Mr. Pipes, NSC
 Brigadier General Granger, JCS
 Mr. Lehman, CIA
 Mr. Rixse, DOD

FROM: Ambassador Lawrence S. Eagleburger,
 Chairman

SUBJECT: Interagency Group on the Soviet Union

An Interagency Group (IG) on the Soviet Union will be convened on March 18 at 3:45 in the European Affairs Conference Room (Room 6226) at the Department of State. Please confirm your attendance or provide the name of an alternate to Laura Kennedy at 632-1452.

Friday 10:00

Representatives will discuss the Terms of Reference for the East-West Relations Study and make drafting assignments.

Handwritten notes and signatures on the right side of the page.

Copies to: S/S-S - Ms. Lopez
 EUR - Mr. Barry
 Mr. Palmer
 Mr. Schlamm
 EUR/SOV - Mr. German
 Mr. Combs
 P - Mr. Matthews

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EAST-WEST RELATIONS: SUMMARY TERMS OF REFERENCE

I. The Soviet Challenge

A. Soviet Goals. What are Moscow's key foreign policy aims, strategy and tactics for the next decade? Will Soviet goals remain constant as political succession occurs?

B. Soviet Assets and Liabilities. What are the essential strengths and weaknesses of Moscow's international power? What are the likely trends for the next 10-15 years? How will domestic problems (succession, economy, nationalities) affect foreign behavior? How will Eastern European developments affect Soviet policy?

II. U.S. Response

A. National Security Policy. What are our present assets and liabilities? Where are we weak vis a vis the USSR, and what should we do about it? How can arms control enhance our national security?

B. Policy toward Allies and Neutrals. How do we elicit maximum support and cooperation on defense, economic, and political strategies concerning the Soviet Union? How should we counter Soviet policies (traditional diplomacy, propaganda, economic cooperation) toward the Allies and the neutrals?

C. Policy toward the Developing World. What are our priorities in the developing world? What are our strengths and weaknesses relative to the USSR (economic and security assistance, effective cooperation with allies and with China, traditional and public diplomacy)? How can we neutralize Soviet friends among developing countries, while strengthening our own?

D. Policy toward China. How should we manage the triangular relationship?

E. The Bilateral Relationship. Under what conditions should we undertake economic and exchange activities? Where do our interests and those of the Soviet Union genuinely overlap? How do the style and modalities of bilateral relations affect their substance? How should we apply linkage and reciprocity?

III. Immediate Problems

A. Poland. What are the internal dynamics of the Polish situation? What are the probable determinants of Soviet policy? What are the implications for Soviet-EE relations over the longer term?

B. Afghanistan/Southwest Asia. Which of the Carter Administration sanctions should be continued? What policy should we adopt toward Pakistan, the Afghan rebels?

C. Persian Gulf. What more should be done to deter Soviet expansion into this vital area?

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D. CSCE, TNF, SALT, Other Arms Control. What are our aims during the balance of the Madrid Conference? When should we resume TNF talks with Moscow? Should we commence a strategic dialogue with the USSR prior to establishing our negotiating tactics on SALT issues? What should our position be toward our obligations under SALT II pending resumption of negotiations? How should we proceed with other arms control undertakings (Sverdlovsk incident and BW, CW, CTB, MBFR, ASAT)?

E. U.S. and Allied Consensus. Can we minimize Soviet wedge-driving, and diminish inconsistency in our policy toward the USSR, by articulating a basic policy and explaining it to the Congress and the public as well as to our allies?

IV. Conclusions and Policy Recommendations.

Attachment: Detailed Terms of Reference

Suggested Agency Taskings

I. The Soviet Challenge	Intelligence Community
A. Soviet Goals	
B. Soviet Assets and Liabilities	
II. U.S. Response	
A. National Security Policy	DOD
B. Policy toward Allies and Neutrals	STATE (EUR/EA)
C. Policy toward the Developing World	STATE (Working Group)
D. Policy toward China	STATE (EA)
E. The Bilateral Relationship	STATE (SOV)
III. Immediate Problems	STATE
A. Poland	EE
B. Afghanistan	NEA
C. Persian Gulf	PM/NEA
D. TNF, SALT, Other Arms Control	PM
E. U.S. and Allied Consensus	SOV/ICA
IV. Conclusions and Policy Recommendations	STATE (S/P)

~~SECRET~~Terms of Reference

1 - Soviet Strategic Goals. Assess Soviet geopolitical objectives and long-term game plan, with an emphasis on Moscow's strategy toward the US, Western Hemisphere, Western Europe, China, Northeast Asia, and the Mideast/Persian Gulf regions. What are the dimensions of the problems we must deal with in the near-midterm period? Discuss Moscow's priorities over the next 5-10 years (e.g. - economic/military; Europe/Northeast Asia). What are Soviet goals in the developing world and can we identify any longer term objective beyond the exploitation of "targets of opportunity"? To what degree do power/ideology influence these Soviet objectives, and how might this question change with a new Soviet leadership generation?

2 - Soviet Strategic Assets/Liabilities. What are Soviet resources for pursuing their strategic goals in the 1980's?

a - Short-Term. How could the Soviets seek to exploit their combination of strategic parity and clear conventional/theatre nuclear superiority, together with present US ICBM vulnerability, to score political gains over the next five years -- in Europe? vis-a-vis China and Japan? in the Persian Gulf? in the developing world? What are the Soviet targets which will be the most vulnerable to the use of military power for political pressure purposes? To what degree does the economic weakness of USSR and its allies, and the political vulnerability of its surrogates, undermine its capacity to sustain such pressures and make the Soviets vulnerable to counter-pressures? To what extent would a US/Western drive to weaken the Soviet Union and challenge its control over Eastern Europe moderate Soviet international behavior?

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b - Mid-Term. Discuss prospects and implications of a Soviet Union in the mid-80s which combines great military strength and serious economic/energy weaknesses. What are the likely consequences in terms of Soviet policy toward US, Western Hemisphere, Western Europe, Northeast Asia, Persian Gulf and developing countries? Is this situation likely to enhance Soviet proclivity to use military power for political/economic purposes, to promote greater cooperation with West or to pursue alternative diplomatic strategies (e.g. - accommodation with China)? What will be the likely Soviet vulnerabilities (e.g. Eastern Europe) in this time period?

c - Longer Term. What are the prospects for more moderate Soviet foreign/security policy in the 1990's? How can our policies in the 80's enhance that possibility and ensure sufficient strength of US and core alliances should current Soviet policies persist? What kind of a relationship do we want to pursue with the USSR in the next decade?

3 - Soviet Internal Scene. Examine current Soviet political dynamics, prospects for Brezhnev succession and impact on US/Soviet relations. Assess state of Soviet economy, including dependencies that could be exploited or could lead Moscow toward foreign adventures. Discuss Soviet nationalities problem and dissident movement and both opportunities/dangers they represent for the West.

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4 - Eastern Europe. Is Eastern Europe a long-term strategic asset or liability for Moscow? In what ways short of military power can Soviets maintain control, in face of a changing Eastern Europe? Review the degrees of internal liberalization, external independence and "Westernization" of the East European states and discuss options for promoting the gradual development of these trends in cooperation with our key allies. Analyze how we can exploit endemic East European economic problems to enhance our influence and their freedom of action vis-a-vis Moscow, especially as the USSR is increasingly unable to bail them out. Discuss how these goals can be furthered in the short-term and longer-term without provoking internal political convulsions and Soviet interventions.

5 - US/Soviet Bilateral Relations. What are the major bilateral issues in US/Soviet relations? What is the current status of these issues? What are the US objectives, how should we pursue them and with what priorities? How can we exploit the Soviet belief that they will be able "to do business" with a tougher but more consistent US Administration? How do questions of style and rhetoric play into substance of our relations? Discuss the status of established bilateral cooperative arrangements and describe those that are advantageous to us and of real interest to Moscow. Discuss aspects of bilateral relationship which are outside the control of both parties.

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Identify existing interests (e.g. - nuclear proliferation) and possible future common interests on which we might build. Discuss the political role of arms control negotiations in overall US/USSR bilateral relations.

6 - US Military Counter-Strategy

a - Strategy. What are the objectives of US security policy in the context of East-West relations? How do we cope with strategic parity and Soviet TNF/conventional superiority in East/West competition? How can we restore our grip on escalation control and thus deter Soviet risk-taking in Europe and other parts of the world? How credible is a horizontal escalation approach and how might it work? What is the relationship between our strategic goals and US/allied military assets? How could China and friendly third countries be associated with these efforts? How should security assistance contribute to attaining our goals?

b - Force Improvement Priorities. Give broad brush review of our strategic force assets/liabilities as backdrop to US military requirements/options in key theaters of competition with USSR. Identify US conventional and theatre nuclear force posture weaknesses which undercut our capacity to compete effectively with the USSR in Western Europe, Northeast Asia, Persian Gulf and developing countries? Suggest what in broad

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terms needs to be done to correct conventional and TNF deficiencies, and, taking account of general Administration budgetary projections, assess regional priorities. Identify potential new developments (e.g. - ERW, CW) which require allied assent and discuss priorities and approach to securing it.

c - Arms Control. Discuss how the arms control process or actual agreements could, in tandem with force posture adjustments, serve the goals described above. In particular, identify current broad US/allied negotiating goals for LRTNF, CDE and MBFR talks, assess prospects for their achievement, discuss possible alternative objectives and indicate how MBFR might interact with initiation of CDE process. How should we deal with other arms control issues (e.g. - Sverdlovsk/BW/CW/ASAT)? What is the proper relationship between SALT and the overall East/West relationship?

7 - Political Counter-Strategy. Discuss a possible strategy for combating Soviet subversive activities, in Europe and Japan, as well as in developing world. How do we avoid a reactive posture vis-a-vis Moscow? Describe options for public affairs diplomacy (including ICA/VOA), ways to counter Soviet "peace offensive" in allied countries and methods for highlighting Soviet interventions in LDCs. This analysis should take account of indigenous LDC forces of nationalism, the weak Soviet foreign

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assistance record and cooperation in this area with allied and friendly countries.

8 - Political Competition in Developing World.

a - General. What are US objectives relating to political competition in the developing world? What regions are of major importance to the US now and for the next 10 years? Are all areas a target of competition or is there potential for cooperation in some? What other elements, i.e., nationalism, regionalism, etc., must be considered? What should the US do to attain its objectives?

b - Countering Soviets. Discuss how we can counter the political-military influence of Moscow and Soviet client regimes (including Cuba, Libya, PDRY, Ethiopia, Angola and Syria) and how we can exploit their vulnerabilities. Attention should be given to Latin America/Caribbean basin. Identify potential Soviet "targets of opportunity" in next two years and how to cope with such dangers. Consider what can be done to undercut Vietnamese control of Kampuchea and support Thailand and ASEAN states. Identify possible LDCs with which we can cooperate in Third Countries.

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c) Core Alliance Partners. Discuss how we can generate the cooperation of Europeans, Japanese and other friendly countries in containing Soviet expansion in developing world. Identify particular problems/vulnerabilities of key allies (e.g.-FRG) and how to gain their support. In this connection, analyze the "division of labor" concept and how it might be applied to political, economic and security areas, as well as to greater allied national security commitments to Southwest Asia, taking account of distinctive roles of Europeans and Japan. How can we ensure that allies blame USSR rather than US if East-West relations turn colder? In what areas (if any) should we proceed unilaterally?

d) China. Analyze US interests in the Sino-Soviet-American triangular relationship and how to manage these relationships to our advantage. Discuss how Sino-American cooperation can limit Soviet expansion, including diplomatic and military consultations, intelligence sharing and parallel approaches toward Kampuchea and other international issues. How does arms supply issue fit into this picture? Indicate how Chinese relationships with Japan and Europeans might serve these goals.

9. Economic Issues. Identify the major issues relating to the economic relations between US-USSR. Identify US objectives relating to these issues. Discuss how economic

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policy fits into overall political and security policy framework. Assess in broad terms how we can use economic and security assistance to support US competition with USSR. Summarize the state of US/Soviet trade, joint ventures and technology transfers and the effects of Afghanistan related sanctions. Assess merits of tightening up/easing off on sanctions and what could be achieved in short and medium terms. Assess the possibility of instituting a policy of economic denial designed to lesson Soviet military-industrial potential and how the allies could be brought to support such a policy. On the East-West economic front, review Soviet/European gas pipeline, CSCE energy conference, COCOM rules and allied cooperation on common export credit policies toward USSR.

10. Priority Problems. In light of above analysis, how should we deal with current urgent problems.

a) Poland. Summarize present internal political situation in Poland, likely developments through July 1, potential effects on Polish political structure and fall-out effect in other East European states. Consider possible Soviet reactions, identify potential "trigger points" and indicate interaction of Soviet Polish policy with broader US/Soviet relationship. Review possible US reprisals for

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Soviet invasion, likely allied reactions and Soviet responses. Analyze Polish economic prospects and broad US/Western options, including possible multilateral (or multiple-bilateral) debt rescheduling.

b) Afghanistan/Southwest Asia. Discuss state of Soviet control in Afghanistan, internal political equation and prospects for negotiated solution. Assess effectiveness of current sanctions, their viability and how they could be made more effective. Review options for supporting Afghan freedom fighters, in cooperation with other countries, and steps needed to strengthen Pakistan and deter further Soviet intervention in Southwest Asia.

c) CSCE. How should we manage the balance of the Madrid Conference? What are the realistic possibilities to pursue US strategic goals toward the USSR in the post-Madrid CSCE framework? How can we work with the allies to achieve this end?

d) Persian Gulf. What should be done to strengthen Western security interests and to deter Soviet expansion into this vital area?

e) Southeast Asia. What strategy should we pursue to bring about the eventual withdrawal of Vietnamese forces from Kampuchea?

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f) SALT. How best can our national security and foreign policy goals be supported by SALT? What should our position be toward our obligations under SALT II pending resumption of negotiations.

11. Basic Issues on US-USSR Relations

- a. What kind of relationship do we want with the USSR by the end of this decade? What actions can we take to preempt and counter Soviet challenges in third areas? How could we weaken Soviet capabilities from within in order to discourage such behavior in the first place? How can we deal with the threat from Soviet surrogates such as Cuba and Libya? What political, economic and military actions do we need to take now to compete more effectively in the 1980's and to lay the basis for more constructive US/Soviet relations in the late 80s and 90s?
- b. How do we restrain Soviet and proxy adventurism in the Third World -- including dealing with perceptions of trends in U.S. will and capabilities? What is the relationship between our efforts to negotiate Soviet restraint through linkage in the bilateral US/Soviet context and to put Moscow up against costly choices as a result of unilateral (and allied) actions? How do we ensure consistency and sound priorities among such policies?

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- c. What power balances are we aiming at with the Soviets in Europe and in third areas? In this regard what specific additional military force characteristics are needed to deter Soviet military moves against US and Allied interests over the next decade? What should be the balance of resource allocation between conventional and strategic forces? Which of these forces can be fielded over the next 2-3 years?
- d. In what ways can we work with allies to fashion multi-lateral strategies for countering Soviet challenges in third areas? To what extent should we act unilaterally to oppose the Soviets where allied cooperation is not possible? How can we stimulate allied support on important matters where allies are reluctant to cooperate and how do we weigh our broad interests in strong alliance relations with our concern over specific crisis areas? How can we counter Soviet pressures on our allies and other friendly governments?
- e. What is the role of our strategic relationship with China in our effort to correct the defense balance and restrain Soviet international behavior? To what extent can Beijing be helpful on these issues and how can we channel their energies most usefully?

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- f. What are the objectives of our East-West trade and technology transfer policies? What relative weight should be given in this respect to linkage to Soviet external policies and to the fostering of internal changes in the USSR? To what degree can such US economic policies be effective? What will be allied attitudes and how can we gain their support?
- g. Identify a set of arms control objectives which the West can pursue in the present military environment? Describe optimal timing and leverage to pursue these goals. Will we be in a better position to achieve these goals after we improve the military balance (e.g. five years from now) than today?
- h. How should we manage the atmospheric and style of US/Soviet relations to keep from regenerating illusions of detente, from frightening away our allies and friends and from stimulating the Soviets toward greater military efforts? What should be our strategy for public diplomacy toward Moscow, our allies and developing countries to counter Soviet propaganda and sell our own policies.

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- i. Should our policy in Eastern Europe be designed to weaken the USSR regardless of the impact on individual Eastern European countries, or should we continue our policy of differentiation in order to encourage greater foreign policy independence and domestic pluralism in Eastern Europe? What are the limits of Soviet tolerance of East European interaction with the West?
 - j. What strategies (including resources) are needed to deal with the problems of local instability in LDCs and with Soviet efforts to exploit those instabilities? How can we reverse recent Soviet gains (a la Egypt) and impose costs on Soviet proxies (such as Cuba and Libya)? How far should the US, its allies and possible surrogates go to prevent Soviet supported "wars of national liberation"?
12. Conclusions and Policy Recommendations.

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